A Pricing System for The Social Fund for Development's Non-Financial Services Central Sector

Recommendations for Implementation

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PREFACE

This report is organized by first presenting strategic recommendations to implement a new pricing system in the Nonfinancial Services Department. These are followed by tactical recommendations to manage the set-up and initial implementation of the new system. Lastly, the considerations for ongoing management of the system are outlined.

The report is backed by several other tools and deliverables:

- BDS guidelines and cost recovery strategies used internationally (deliverable 2)
- BDS guidelines workshop slides (deliverable 3)
- Customized client feedback templates and tools (part of deliverable 4)
- Customized cost and pricing templates and spreadsheets (also part of deliverable 4)
- A pricing summary spreadsheet with recommended prices for all NFSCS services (part of deliverable 5, along with this report)

Recommendations are made throughout this document and are identifiable with bold type.

Summary of Key Strategic Recommendations

Specific recommendations for each of the following are provided in the main body of this report.

1) Organizational culture shift (free services are no longer the norm) – The organizational culture needs to be shifted from the expectation that everything must be provided for free and replaced with the recognition that many NFS services have value and can be sold.

2) Organizational culture shift (donor coverage of operational costs) – During the negotiation stage of new programs, donors should be pushed harder to pay for some dedicated SFD staff and overhead to effectively manage the programs they wish done. The donors don't operate without operational cost funding – they demand their costs are covered by their own funding agencies. Some donors may be prohibited by strict policy guidelines from funding operating costs but the issue should always be addressed.

3) Organizational culture shift (fundraising from private sources) – SFD needs to expand CSR fundraising, as has been done by the Entrepreneurship Department, by improving its fundraising materials (handouts) and by offering a more inspiring message. This is especially important for developing compelling fundraising proposals by using a clear and consistent message in a simple to understand format (proposal).

4) Organizational culture shift (clear and fair allocation of overhead) – There is general confusion about SFD's indirect cost

allocation system. The way indirect (SFD common) costs are allocated should be made more transparent for all sectors; this is especially true now that technical staff are expected to be involved in pricing decisions.

5) Organization culture shift (NFS regional staff responsibilities) – NFS has traditionally not been well-resourced compared to Lending, especially in the regional offices where NFS staff are often doing everything other than NFS work. Management should decree that this practice stops immediately. NFS regional employees must be used only for NFS activities, otherwise NFS will not expand.

6) Service integration & cross selling – SFD is not benefitting enough from one of its best assets, the ability to package multiple services together. All Lending clients should automatically be offered NFS services by Lending staff; then Marketing, Industrial, Entrepreneurship, etc. need to coordinate in offering integrated packages of services to clients. This should be easier with the new NFS IT database now under development, which will allow more easily shared information on individual clients.

7) Commercial orientation and internal capacity building – NFS needs to become more commercially oriented, as should all of SFD. This means fewer, better services and keeping up with market needs. NFS should be viewed by MSME clients as responsive, current with market trends and customer oriented. This requires continued capacity building and a customer service orientation. Each technical sector's annual capacity building plan, for improving staff technical knowledge and skills, must be implemented every year to more effective facilitate service delivery. Additionally, a little more systematic capacity building can occur by having any visiting consultants continually share methodologies with at least two relevant staff members. Requiring these staff members to then present what they had learned to their colleagues, at the end of the visiting consultant's term, would help ensure institutional absorption.

8) Client follow-up – Many MSMEs have expressed the need for more follow-up after a service is provided, which is what international experience has shown creates the most impact. As a facilitator, every client should have a single key contact person within NFS – a *Relationship Manager* – who will ensure follow-up occurs.

9) Narrower NFS service focus – NFS cannot be all things to all people. A conscious effort to eliminate programs that are not in-demand should start now. Greater specialization and product standardization will, over time, lower delivery costs and improve effectiveness. Each NFSCS department should focus on three to five core services (each able to be sold).

10) Market-based pricing – It is strongly recommended to adopt a market-based pricing approach for services instead of a cost-based approach. The Cost of service delivery needs to be known and factored

into service prices but the overriding criterion ought to be what the client can reasonably be expected to pay. This is the approach that has been employed for this assignment.

11) Cost / benefit – Programs that address small numbers of beneficiaries are not generally viable for NFS; the cost of delivery is too large and the benefits reach too few MSMEs. Government and donors will "not be impressed with two-year programs that reach just 60 people." *This does not apply to pilot programs that test new services or prove the viability of a concept.*

12) Reliance on client data – The basic systems are in place (and further guidelines and templates are provided with this report) to obtain client feedback on services needs and wants, at least annually. This needs to be more vigorously collected and provided to the technical departments, especially NFSCS. The new database under development with Microsoft will offer a great opportunity to track client feedback more effectively.

13) Scoping new services – Using the client satisfaction data noted in number 12 above, NFSCS will need to periodically launch new, demand-driven services to improve its image and become more commercially oriented.

14) Shift in public relations – Much of the Egyptian public believes a organization with a social mandate must strictly offer free services. In most countries things do not work this way. Services tend to be low-cost but there usually are fees involved. It may be possible to do a public relations campaign describing a new SFD focus to publicize**:** more specialized services and modest cost recovery fees – for higher quality.

15) Establish a more systematic relationship with outsourced BDS providers – BDS provider performance should be tracked using a simple database and rating system then decisions made to continue with or drop individual providers. They should routinely be asked to develop new ideas for services/products, upgrade existing services and help find clients. As importantly, they need to recognize the business development role NFSCS is having in improving their sales. They, therefore, should be discounting services to NFSCS. In other words, NFS needs to gradually shift the balance of power toward itself and more effectively make demands of outsourced BDS providers. These actions may take time but they should be pursued.

16) Facilitation versus direct provision of services – Conventional wisdom suggests organizations such as NFSCS must always play a facilitator role. In most instances this is probably true. However, there is also something to be said for the efficiency to be gained by using qualified staff to provide services for which they are capable. There are a number of qualified people within the NFSCS who, time permitting, could offer

valuable coaching and training services at the client level – for a price. As long as the staff have available time, and are able to maintain their skills, this is an option not to be ignored. It will raise the profile of NFS staff, make them more credible in the eyes of clients, improve the client feedback loop and allow a more hands-on ability to continually upgrade services. Meanwhile, the direct costs of service can, in some instances, be greatly reduced. This is not to say a tectonic shift to direct provision should happen; merely that in some cases direct provision may be practical.

Part 1 – Strategic and Organizational Recommendations to Move the Pricing System Forward During the First Year

Organizational culture shift (free services are no longer the norm)

The organizational culture needs to shift from the expectation that everything must be free and replaced with the recognition NFS services have value and can be sold. If services cannot be sold they should be evaluated for possible discontinuation – of course not those targeted to highly price sensitive beneficiaries with strong social considerations. Most other quality programs in Egypt are now selling services, though they are usually subsidized. NFSC must do the same.

Adoption of a pricing system will not be an easy transformation. There will be a considerable amount of resistance from many actors. Certainly, some government officials will oppose SFD's sustainability aspirations; Parliamentarians may oppose them as well. The general public and SFD beneficiaries will not easily accept paying for services that formerly were not charged. Even NFS staff will find the pricing of services stressful as the need to explain why this is happening will often fall upon them. All of these forms of resistance will pose significant challenges for SFD.

The types of resistance that are most actionable, in the short term, will be those coming from the MSME client base. International experience shows that similar BDS organizations cope with customer objections to paying for services in a variety of ways. **The methods below are recommended to ease the adoption of service pricing by SFD NFSCS:**

- **Offer embedded NFS services payable through loan repayments;**
- **Use variable pricing so micro, small and medium clients are charged progressively more according to what they are able to pay;**
- **Add some value to the services before establishing a price, e.g., offering one follow-up brief client coaching session for no charge or changing the technical materials based on outsourced BDS suggestions (resulting from client feedback);**
- **Get beneficiaries used to paying for services gradually, beginning with low starting prices then slowly raising them as MSMEs become accustomed to the idea that the services have value and a corresponding price.**
- **Don't try to price everything all at once. Start with just one or two services per department, those with the highest demand ratings and highest client willingness to pay ratings.**

When socially oriented BDS facilitators set fees for services they must have a goal to help them establish how high or low the rates will be. The three main considerations are:
1. Based on being lower or higher than competitors' prices;
2. Based on covering costs to offer the service;
3. Based on perceived value to the customer while being aware of the costs – the main pricing consideration recommended for SFD.

In SFD's case there is no doubt the third consideration – based on perceived value to the customer – is the most realistic choice. Many NFSCS staff have a good idea of the price ranges their beneficiaries are likely to pay and this is the recommended starting point for pricing the NFS services.

A reasonable target for NFS is to shift from providing over 90% of services for free to charging a [subsidized] price for 70% - 75% of all services provided. This infers some services may be stopped if they do not have enough commercial value for MSMEs to pay even a small price for them.

	NFS NEAR FUTURE
> 90%	25%
< 10%	70%
0%	5%
0%	0%
0%	0%

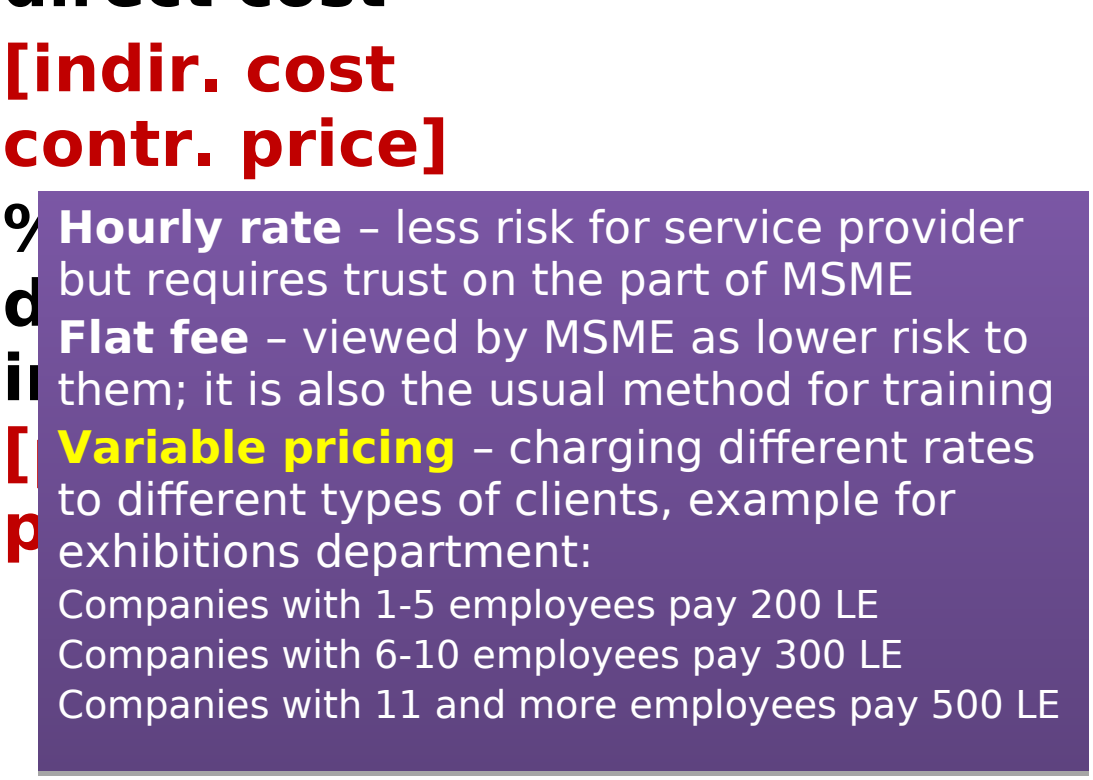
Zero fees to users [social good]

Subsidized price [social price]

Equal to direct cost [dir. cost coverage price]

% above

Another aspect is how to actually charge for the services: hourly rates, flat fees or variable pricing. The third option, variable pricing, is a commonly used tool by BDS facilitators/providers to allow social good to continue while ensuring those companies that are willing to pay do so. **Variable pricing should definitely be adopted by NFS, which allows flexibility in selling services while helping to maximize the revenue coming in, as in the below example.**


direct cost
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Hourly rate – less risk for service provider but requires trust on the part of MSME
Flat fee – viewed by MSME as lower risk to them; it is also the usual method for training
Variable pricing – charging different rates to different types of clients, example for exhibitions department:
Companies with 1-5 employees pay 200 LE
Companies with 6-10 employees pay 300 LE
Companies with 11 and more employees pay 500 LE

Other pricing considerations

Another variation on the different options BDS organizations use when working in price sensitive markets involves the following list of pricing factors:

1. **Economic conditions and ability of target clients to pay – again the main factor for SFD consideration;**
2. Competitors prices;
3. Statutory/legal ceilings (as with OSS);
4. Political and social pressures;
5. Expected inflation;
6. Organizational goals for cost recovery.

Again, NFS staff (and the pricing task group) will be primarily concerned with the first factor above – economic conditions and ability of target clients to pay. The Managing Director will also be faced with the fourth issue – political and social pressures, which are unavoidable for an organization such as SFD.

Costs and how they relate to pricing

As noted, the NFSCS pricing system should be market based and according to perceived abilities to pay by different levels of clients, e.g., micro, small, and in some cases medium-sized companies. However, **despite the market based nature of the pricing methodology, the pricing templates provided still require the user to enter cost data, which then ensures the direct, indirect and total costs are fully transparent. Armed with cost information, the user can make better decisions about pricing and attempt to increase prices marginally if costs to deliver the service are high.** The templates actually include three pricing objectives: subsidized (below direct costs), close or equal to direct costs, and contributing to indirect costs (above direct costs). The user may even try all three methods to better

understand what the end price will be at each pricing level (refer to the template and spreadsheet provided).

Low cost pricing strategies

Certainly **SFD should follow an introductory pricing system that allows low fees below direct cost levels, subsidized to help overcome the expected resistance of MSME clients to pay**. The box below offers tactics employed by BDS providers who have been charging fees for some time. Nonetheless, some of these ideas, such as using modular services (which Entrepreneurship is doing by breaking up training curricula into many shorter courses for sale) help to keep services accessible to micro and small companies.

Receiving participant fees for cost recovery

In difficult economies, successful BDS offer:

- **Low cost services with rapid client impact**
  - **Reduce costs by facilitating small BDS providers**
  - **Modular services to be sold in smaller pieces**
  - **Low-cost introductory services with immediate value to draw in new clients (access to a new retailer)**

Other tools to help achieve financial sustainability

Some of the other *tricks of the trade* used by BDS providers and facilitators to help collect fees in difficult market conditions are listed in the box below. **Embedded services, wherein NFS services are paid for through loan repayments (if they are Lending clients as well) are routinely used by organizations like SFD as one of the best means to collect BDS fees for services. This practice should be adopted as it greatly aids in overcoming resistance to paying for NFS services.** In fact, SFD's extensive experieince in both lending and non-financial services – with such extensive geographic coverage – truly differentiates SFD from most other Egyptian MSME support institutions.

Cross selling is the practice where departments *sell* each other's services to individual clients. Cross selling is an important concept for SFD and top management should instruct sector Directors to make it happen. More on this in a forthcoming section.

Cross subsidizing is simply the practice of acknowledging that some services, thought of as valuable by clients, will be able to generate more revenues than other services seen to have less value. The better services

then help pay for the services less able to generate revenue – if in fact those less able to sell must be continued due to social considerations.

Financial sustainability tools

- **Embedded payments – most BDS orgs who offer both lending and NFS embed fees in loan repayments:**
  - **NFS + Lending = much stronger combination than one or other**
- **Cross-selling – lending staff promote NFS when meeting clients, all tech dept's should sell each other**
- **Cross-subsidizing – better fee generating services help pay for others that can only have a low price**
- **Third-party payments – from corporations (CSR)**

Third party payments will continue to be essential to SFD's survival. Donors and corporate CSR will remain the largest share of the revenue stream (addressed in further detail in the forthcoming fundrasing section).

Organizational culture shift (donor coverage of operational costs)

During the negotiation stage for new donor programs, donors should be asked to pay for some dedicated SFD staff and overhead to effectively manage the programs they wish done. SFD cannot afford to load existing employees with multiple donor priorities while getting no operating funds in return. The donors don't operate this way – they demand their costs are covered by their funding sources.

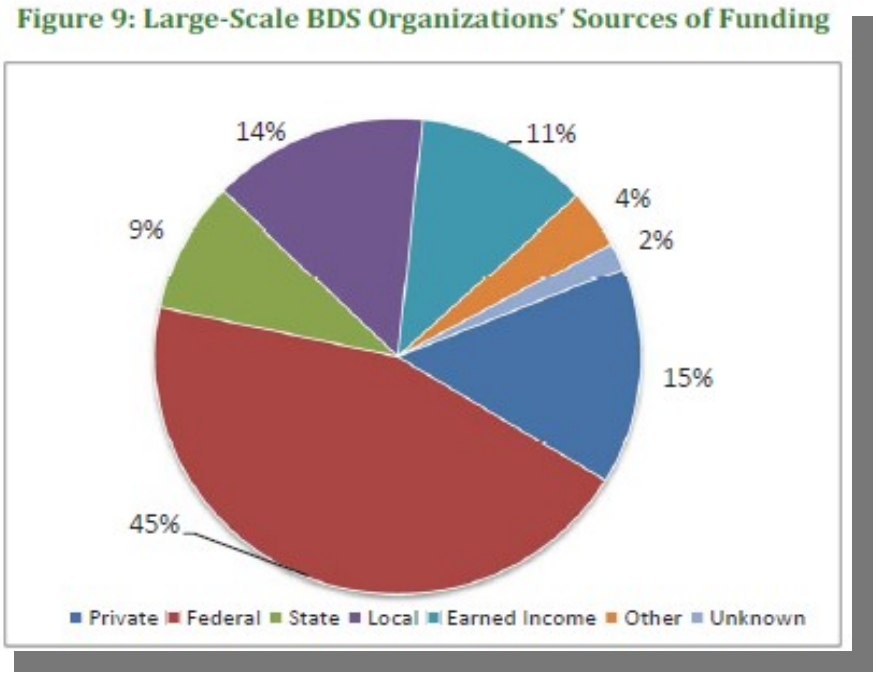
In many cases, donors may have a policy to not pay for any operating costs in government supported organizations. If this is the case, there are a couple of options. One is to point out that SFD is governmental in name only – my understanding – and that no government funds are provided in support of SFD's operating budget. The second option is to consider using outsourced, dedicated staff who are not long-term SFD employees to implement specific donor programs – and be supported with donor funding. It is always possible to hire them after the funds stop, for continuity and sustainability of revenue generating programs.

Organizational culture shift (fundraising from private sources)

NFSCS has already proven that companies such as Coca-Cola are willing to contribute funding to strong, socially linked causes, e.g., the Entrepreneurship Department's CSR contributions for its training programs. But CSR funding to other sectors and departments are lagging behind. SFD is already undertaking extensive promotion on radio and television and this is surely generating exposure. However, personal experience and discussions with SFD employees suggest too many potential private funding sources and even possible beneficiaries still have no idea who SFD is or what it does. This may require the short term assistance of a [perhaps different] PR firm to craft truly compelling messages. **SFD should expand its fundraising push by improving its materials (handouts) and by offering a more inspiring message. One message component is SFD's unparalleled reach into 31 governorates. Another component is SFD's focus on smaller SMEs too often ignored by the commercial world. However, the main inspirational messages will come in the form of carefully crafted human interest success stories. Again, while some of these things are being done, it may be timely to seek out a new PR firm for assistance.**

Creating an inspiring message is one thing and relies on effective publicity campaigns. Developing compelling fundraising proposals also requires communicating a clear and consistent message but in a compelling written format (proposal). SFD does many of these but one wonders how effectively, since the *win rate* is thought to not be particularly high. The fundraising proposal process is not unlike developing an advocacy platform – making sure to convey the message in a way that is easily understandable and that addresses the direct benefits to the reader. **SFD is advised to review its fundraising procedures and seek to adhere to the same sorts of criteria used by most advocacy practitioners. Fundraising proposals need to be clear and succinct, addressing the following points (usually in this order):**

- **The nature of the problem and reason for the funding request;**
- **How the problem falls within their (the funding agency's) mandate and why it is important that they are involved in the solution;**
- **The proposed solution;**
- **The expected impact to the beneficiaries and the country as a whole;**
- **The way forward and how to get started (briefly then followed by greater detail in an attachment).**



The graphic above shows that even in developed BDS markets (this one represents the US) BDS organizations do not come close to surviving on fees for services alone. In the above chart, large BDS organizations obtain and average of 11% of their funding from services fees. Another similar study compared all BDS organizations, large and small, which indicated the average fees collected were 15% of their total revenues. *Source: Focused on Growth Scaling BDS, The Aspen Institute*

So, while collecting fees for services is absolutely the right thing to do, using a gradual approach, even in the best of circumstances they are not likely to come close to covering overall costs. In Egypt, there are really only three existing funding sources for SFD: donors, corporate CSR and fees for services. This indicates fundraising efforts will remain a critical factor for organizational sustainability.

Organizational culture shift (clear and fair allocation of overhead)

There is general confusion among staff about SFD's indirect cost allocation system. **The way indirect (SFD common) costs are allocated should be made more transparent for all sectors. As a starting point, it is recommended NFS and Finance sit together for a review, as it appears NFS may now be over-burdened with common costs compared to other sectors.** Otherwise, this will create problems when pricing NFS services.

No matter which procedure is followed when calculating indirect costs they need to be:

- **Fairly applied internally – fair and transparent indirect cost apportionment to all sectors and departments;**
- **Fairly applied externally to client MSMEs – variable pricing by size & ability to pay;**
- **And realistically applied – achieving full cost coverage for a BDS organization is not usually a realistic goal …charging fees for services is a realistic goal.**

Organization culture shift (NFS regional staff responsibilities)

NFS has traditionally not been well-resourced compared to Lending. This is especially true in the regional offices. **Regional NFS staff are too often assigned countless tasks completely unrelated to the work they are supposed to be doing, the result of Regional Office Managers who do not understand the value of NFS activities. Management should decree that this practice stops immediately. NFS regional staff need to focus only on NFS services.** Otherwise, NFS has virtually no chance of improving service quality and generating fees in the regions.

Service integration & cross selling

SFD is not benefitting enough from one of its best assets, the ability to package multiple services together. **All Lending clients should be offered NFS services automatically by Lending staff; then Marketing, Industrial, Entrepreneurship, etc. need to be coordinating to offer integrated packages of services to clients according to their specific needs.** Every SFD sector and department should be continually selling the services of every other SFD sector/department and refer clients to relevant staff for more information. This is not a complicated recommendation to implement but it means refocusing management attention on the importance of teamwork and communication. All SFD technical sector staff members – whether in Lending, NFS or Community Development – should regularly communicate SFD's range of services to every client.

One very interesting idea for service integration came out of a group discussion with the task group members. **Ahmed Elknany suggested a concept to introduce NFS clients to an integrated menu of services during their first walk-in introduction to OSS.** Any new OSS client would be shown a listing of all NFS departments and their service offerings. A brief explanation would be included to give the client a basic understanding of the types of services available. Then the client would be asked about their main business problems and concerns to help them identify the NFS services of possible interest to them. **If there are several services of interest, the client would be offered different package levels, each offering a higher number of services included for a set price, for instance: basic (bronze package), upgrade**

(silver package) and premium (gold package). If the regular OSS cost for a national ID is 1% of paid-in capital, the bronze might cost 2%, the silver 3% and the gold 4%. The advantage of an approach like this is it immediately integrates and cross sells services the moment the client walks in the door. However, to function properly in the regions, it would absolutely require OSS and NFS staff working closely together (jointly meeting with clients) and having a speaking knowledge of the full range of NFS services.

Commercial orientation and internal capacity building

NFS needs to become more commercially oriented. This means fewer, better services and keeping up with market needs. NFS should be viewed by MSME clients as responsive, current with market trends and customer oriented. This requires continued capacity building and a customer service orientation. Each technical sector's annual capacity building plan – to improve staff technical knowledge and skills – must be implemented every year to more effective facilitate service delivery. **Every technical sector staff should undertake at least one training course every year directly pertaining to a service being offered. Customer service (soft skills) should continually be reinforced as well.**

Another means to develop capacity in staff is to further empower consultants in their transfer of knowledge and skills. NFS already does this and includes staff capacity building in terms of reference. Nonetheless, the process could be made a little more systematic by having any visiting consultants continually share methodologies with at least two relevant staff members. Requiring these staff members to then present what they had learned to their colleagues, at the end of the visiting consultant's term, would help ensure institutional absorption.

Client follow-up

Many MSMEs have expressed the need for more follow-up after a service is provided and help coordinating with the outsourced BDS providers, which is what international experience has shown creates impact. **As a facilitator, NFSCS management is advised to adopt a system in which every client has a single key contact person within NFS (a *Relationship Manager* role). This person will ensure follow-up occurs to ensure continuity between all of the BDS providers that assist them.** This role takes on much greater importance as NFS offers more integrated services, e.g., when Marketing, Entrepreneurship and Industrial departments are all providing services to the same client.

Narrower NFS service focus

NFS cannot be all things to all people. A conscious effort to eliminate programs that are not in-demand should start now. **Greater**

specialization and product standardization will, over time, lower delivery costs and improve effectiveness. Each NFSCS department should focus on 2-4 core services, each able to be sold. This report and attachments reinforce this with specific service and pricing recommendations.

Market-based pricing

It is strongly recommended to adopt a market-based pricing approach for services instead of a cost-based approach. The cost of service delivery needs to be known and factored into service prices but the overriding criterion ought to be what the client can reasonably be expected to pay. The pricing template and worksheet provided does exactly this by making direct and indirect costs transparent while still focusing on the willingness of clients to pay as the main factor for consideration.

Cost / benefit

Programs that address small numbers of beneficiaries are not generally viable for NFS; the cost of delivery is too large and the benefits reach too few MSMEs. Government and donors will "not be impressed with two-year programs that reach just 90 people." *This does not apply to pilot programs that test new services or prove the viability of a concept.* SFD is a large organization with 31 regional offices. **Undertaking programs that target too few beneficiaries is contradictory to its broader economic development mandate and damaging to its image. It is therefore important for NFSCS to do a simple cost per beneficiary analysis when contemplating a new program.** Total new program direct and indirect cost divided by the number of likely beneficiaries during a year.

$$\frac{\textbf{(new program direct costs + indirect costs)}}{\textbf{expected number of beneficiaries}} = \textbf{cost per beneficiary}$$

Reliance on client data

The basic systems are in place (further guidelines and templates are provided with this report) to obtain client feedback on needs and wants for services. This should be done at least annually. Client data is important when pricing existing or new services and needs to be more vigorously collected, analyzed and provided to the technical departments, especially NFSCS. The new database under development with Microsoft will offer a great opportunity to track client feedback more effectively.

The initial pricing exercise was done with simple market feedback from a few BDS provider meetings and a focus group. This and the inherent knowledge of NFS technical staff members formed the basis for the first round of pricing. However, going forward, more systematic client feedback needs to underpin the pricing process to better understand the strength of demand for different services by various types of clients. Again, this should be done annually. Collecting data does not have to be complicated or difficult. Even just improving the data already gathered by the regional offices from walk-in clients would be a great help. This information should be put into a simple database format to assess which types of services are in highest demand and which ones people will pay for (see revised regional walk-in client form submitted separately). If necessary, to get things started, NFSCS could hire one or two Egyptian consultants for a more detailed market study to further define the position of SFD in the market and narrow the focus of bundled services that can be sold.

One useful way to assess the strength of the services offered by NFSCS is to do a brief survey of about 50 Lending clients (either small or micro) who have taken loans from SFD. Simply read them a list of 3 – 4 services from each NFSCS department to determine the awareness, reach and retention ratios. See below.

AWARENESS RATIO: % of MSMEs aware of a specific service – **if low then outreach is probably weak**

REACH RATIO: % of MSMEs who are aware of and try a service – **if low then the services being offered are probably not in demand**

RETENTION RATIO: % of MSMEs who try the service and use it multiple times – **if low then the service quality may be weak or not giving tangible results**

For sustainability a BDS organization needs a strong retention ratio for services – tried and reused.

Client feedback collection methods

Surveys are a good way to discover what services MSME clients may be interested in. These are best performed by regional office staff in multiple regions simultaneously to help determine differences in demand by different geographic locations.

Standard research surveys can – though not always – predict demand for a service by revealing:

% of MSMEs who **say they will pay** for a service
% of MSMEs who **say how much they will pay** for a service
% of non-users who **say a service is important**
% of non-users whose **reason for not buying** can be addressed by the BDS facilitator/provider

There are many types of surveys which can be undertaken. During this assignment, we used focus groups and one-on-one interviews. However, for future SFD administered surveys – with larger numbers of respondents – it is recommended to rely on product concept and price sensitivity tests.

Usage, attitude, image (UAI) study
Focus group discussion
In-depth one-on-one interview
Product concept test
Price sensitivity test
Customer satisfaction survey
Written questionnaire
Telephone survey

Source: Applying Market Research Tools to the Design and Improvement of BDS, Microenterprise Best Practices, DAI

Product concept tests are used to determine if a service's intended features satisfy target MSME needs. Price sensitivity tests are used to determine a target price range MSMEs are likely to agree to pay and if different customer profiles (company size, location, etc.) will pay different amounts. These are often used together by BDS orgs to assess demand for services at various prices and should be effective for use by NFS for annual surveys.
The flow of the product concept / price sensitivity questionnaire is as follows:

1. Exposure of respondent to service concept
2. Respondent's thoughts about service concept
3. Rating service concept on specific features
4. Overall rating of service in terms of importance
5. Interest in purchasing the service
6. Price sensitivity test – a series of prices and identifying the price range willing to pay
7. Other similar services and how they compare to the one being discussed

Finally, a useful checklist to use when designing surveys is as follows:

Pre-test all surveys with a small number of respondents
Ask for personal data at the end of the questionnaire to avoid suspicion and help cooperation
Include interviewer directions in the questionnaire (if no, skip to Q8)
Use a multiple choice *show card* to help respondents select answers about personal information (incomes)
Keep questionnaires short as possible to avoid frustration, rushing and inaccuracy
Use a random sample when possible or
Use a stratified sample if multiple MSME profiles are important
30 respondents is believed to be the minimum number of responses for statistically significant results

Source: Applying Market Research Tools to the Design and Improvement of BDS, Microenterprise Best Practices, DAI

Scoping new services

Using the accumulated client data noted above, SFD will need to periodically launch new, demand-driven services to improve its image and act more like a commercially focused organization. Example: Business planning is typically mentioned as in-demand by micro and small companies. **Dr. Hatem sees a niche for NFS with smaller banks who wish to extend their portfolio further into MSME lending. NFS may package a service for the banks by: doing pre-loan due diligence, checking references, assisting with cash flow and business planning, and all while combining the reach of 31 regional offices. This would indeed appear to be a good new service match between NFS and small banks. Fees could then be generated on a per client basis reflecting the cost savings to the banks.**

Shift in public relations

Much of the Egyptian public apparently believes social organizations must strictly offer services at no charge. In most countries things do not work this way. Services tend to be low-cost but there are usually fees involved. **It may be possible to do a public relations campaign**

publicizing a new SFD focus: more specialized services and modest cost recovery fees – for higher quality. Of course, the quality should be there first before the publicity campaign begins. This new publicity campaign could easily tie-in with the fundraising and image building message described earlier. In fact, it would be strongly advisable to do both simultaneously.

Establish a more systematic relationship with outsourced BDS providers

BDS provider performance should be tracked using a simple database and rating system, then decisions made to continue with or drop individual providers. The idea is not to have an adversarial relationship, on the contrary, every effort should be made to increase communication with outsourced BDS and improve relations, as they are some of the best sources of client feedback. However, by tracking their performance ratings, from simple client satisfaction surveys at the end of every assignment, it will be clear that some are not meeting expectations and should be discontinued.

BDS providers should routinely be asked to develop new ideas for services/products and upgrade – add value to – existing services. This is especially important now that fees will be demanded of MSMEs who will need to believe they are getting something more in return for payment of fees.

Outsourced BDS providers should be given a stronger role and responsibility to help find clients; this will be explicitly outlined in MOUs that NFSCS signs with them. It may even make sense to incentivize Outsourced BDS provider success in finding clients by adjusting the rate they are paid according to the number of clients served in a specific time period, e.g., six months.

Another suggestion, which has gained in popularity recently, is to establish a fee table to standardize the rates paid to outsourced BDS. See example below.

Stratified BDS rates – payable to outsourced services providers (illustrative examples only)

	Financial Management	**B2B Export Matching**	**Human Resources**	**Website Development**	**Quality Management Certification**
Senior	1200 / day	1000 / day	1000 / day	900 / day	1200 / day

Consultant (15+ years in field)					
Mid-Level Consultant (7+ years in field)	900 / day	800 / day	800 / day	750 / day	1000 / day
Junior Consultant (6 or fewer years in field)	800 / day	600 / day	600 / day	550 / day	800 / day

Creating fixed payment amounts for different types and levels of consultants takes the guesswork and negotiation out of working with BDS providers. The only real risk is it may not be possible to work with everyone if they believe they cannot fit within the ceiling rates. But in a market like Egypt's, most BDS are somewhat hungry and should be willing to comply.

As importantly, contracted BDS providers need to recognize the business development role NFSCS is having in improving their sales. They, therefore, should be willing to fit their daily rates within NFSCS standard rates (as illustrated above). If standard rates are not adopted anytime soon (by NFSCS), BDS providers should at least be asked to discount their services on behalf of NFSCS. In other words, NFS needs to gradually shift the balance of power toward itself and more effectively make demands of outsourced BDS providers. These actions may take time but they should be pursued.

And finally, it is recommended SFD continually seek new BDS providers who may have services with added value over what is being offered presently. This requires NFSCS staff to have the role and explicit target to meet with an agreed number of new BDS providers each six-month period.

Facilitation versus direct provision of services

Conventional wisdom suggests organizations such as NFSCS must always play a facilitator role. In most instances this is probably true. However, there is also something to be said for the efficiency to be gained by using qualified staff to provide services for which they are capable.

There are a number of qualified people within the NFSCS who, time permitting, could offer valuable coaching and training services at the client level – for a price. As long as the staff have available time, and are able to maintain a superior skill level, this is an option not to be ignored. It will raise the profile of NFS staff, make them more credible in the eyes of clients, improve the client feedback loop and allow a more hands-on ability to continually upgrade services. Meanwhile, the direct costs of service can, in some instances, be greatly reduced. This is not to say a tectonic shift to direct provision should happen; merely that in some cases direct provision may be practical.

Part 2 – Tactical Steps for Pricing System Set-up and Implementation During the First Year (February 2016 to December 2016)

Note: Each numbered paragraph includes core recommendations and are therefore not in bold type.

1) Form the task group (TG)

The NFSCS pricing task group exists loosely now but it needs a formal mandate from top management. It is recommended the task group include not only the NFSCS departments but any other non-financial service providers within SFD. The recommended full task group includes:

- Marketing
- Entrepreneurship

- OSS
- Industry
- Incubators

plus…

- Agribusiness
- Franchising
- Exhibitions
- E-Commerce

The task group should plan to meet twice monthly during the first three months then once monthly thereafter until the pricing system has been adopted – meaning all services that should be priced are priced and the systems are in place to collect fees.

Sustaining the task group is important, at least through the end of the first year (December 2016), because it will likely require this much time to actually offer the majority of SFD services for sale. As market resistance occurs, which it surely will, and because some services may not find many buyers, adjustments will need to be made. This may involve dropping some services, re-pricing others and adding value to services to make them more appealing to MSMEs. All of these adjustments will be easier if the task group continues to support one another, share experiences and develop solutions that are consistent across all departments.

2) Form the management oversight group (MOG)

It is recommended the management oversight group includes the Managing Director, the NFSCS Director, The NFSCS Deputy Director and a manager from the Finance Dep't. This group should meet with the task group once monthly for the first year or until it is comfortable the pricing system has been adopted.

3) TG members complete cost recovery plan part A-1 – evaluating existing services for pricing

For all of the steps involving TG completion of the cost recovery plan, beginning with this one, decisions must initially be based on the market information available now: information provided by consultant, individual NFSCS technical staff knowledge and client statistics available from the databases in NFSCS department. Eventually this process should become based on more systematic collection of client feedback and market data, a process that does not need to be overly complicated or time consuming – just done. Methods for collecting the data annually are provided in this report.

Consultant has already made a first pass to complete the evaluation of each department's services (part A-1). Each TG member needs to validate the consultant's assumptions and complete the process with any

additional services that need pricing. The template provided includes the following fields to fill:

A	B	C	D	E
Service / Product	**Ranking* of client demand (most requested vs. other services) 1 = highest**	**Ranking* of perceived client willingness to pay something 1 = highest**	**Is donor grant or loan funding covering the cost of service delivery: 1-Full 2-Partial 3-None**	**Add columns B+C+D (low totals are the priority services for immediate pricing – select approximately half with lowest totals)**

The above template assists TG members to evaluate whether or not each service in their department is suitable to be priced. The table forces the user to rank (first, second, third, etc.) each service against all others in the department according to the following evaluation criteria:

- How in-demand each service is by NFSCS target MSME clients – the higher the perceived demand, the more desirable to continue the service;
- How likely it is target clients will pay something for the service if it is priced – the more likely target clients are to pay for a service, the more desirable to continue and price it; this step requires careful consideration who is using the service now (client profile) and if able they are to pay at least something;
- Whether or not donor funding covers some of the cost to deliver the service – the services that are partially or fully funded by donors are more desirable to continue and price, because they are already contributing funding to NFSCS / SFD; services that do not or cannot contribute fees or funding should be reviewed for discontinuation.

When these factors are added together in column E, the services with the lowest totals (because 1 equals a rank of best) are selected for pricing.

4) TG members complete cost recovery plan part A-2 – evaluating new services for pricing

The cost recovery plan part (A-2) works in a similar way as the one just described except the evaluation criteria are different, because rather than evaluating existing services for pricing, we are now evaluating potential new services. Part A-2 includes the following fields to fill:

A	B	C	D	E	F
Possible new service / product	**Market urgency 1-High 2-Med 3-Low**	**Perceived target clients' ability to pay (something) 1-High 2-Med 3-Low**	**Will donor grant or loan funding cover the cost of service delivery: 1-Full 2-Partial 3-None**	**Existing internal capacity to facilitate or deliver service 1-High 2-Med 3-Low**	**Add columns B+C+D+E (lowest totals [6 or less] should be considered for development & pricing)**

The evaluation criteria for each potential new service – those either already being discussed or in need of rapid development – include:

- How urgently the service is needed by target MSMEs and whether or not NFSCS can make a valuable product out of it;
- The target MSMEs' perceived ability to pay for the new service if it is developed;
- Whether or not donor funds will cover some of the cost of the new service;
- And how much internal capacity NFSCS has to develop and facilitate the service to a high standard.

Once again, by adding the assigned rankings for each of the criteria, and placing the sum in column F, the potential new services – with the best chance of being priced and sold – will appear as the lowest numbers.

5) TG members complete cost recovery plan part B-1 – costing and pricing the services selected from parts A-1 and A-2.

The costing and pricing templates are in both Word and Excel. It is recommended to use the Excel version for speed and simplicity. Plus, the Excel spreadsheet allows services for one client or multiple clients (training events with many participants) to be easily priced. Again, this exercise establishes the process to review, cost and price services. Initially, much of the pricing will need to be done based on each NFSCS TG member's client/service/market knowledge and the information gathered during the consultant's visit. So, in a sense, the first round of pricing will be somewhat based on personal knowledge and *gut feel*. As time goes on, more systematic data must be collected to strengthen this process.

The methodology in the costing and pricing worksheet templates allow the following:

- Estimating one-time development and upgrading costs for new & existing services;
- Estimating the direct costs to deliver new & existing services;
- Using the indirect cost percentage (supplied by finance) to understand the SFD common cost allocation burden;
- Calculating total costs to factor in when developing prices for each service;
- Selecting from three pricing objectives: less than direct cost coverage, close to or equal to direct cost coverage, exceeding direct cost coverage (indirect cost contribution) or all three may be selected and experimented with;
- Finally, the methodology allows the ability to use variable pricing to ensure micro, small and medium clients each have different pricing options based on ability to pay.

Task Group members need to ensure one costing and pricing spreadsheet is populated with data for each service to be priced. Consultant has also completed these for every department to compare with the assumptions of each of the TG members.

6) TG members complete cost recovery plan part C-1 – actions to implement the pricing and selling of each selected service

This section of the cost recovery plan is designed to bring several crucial implementation factors to the forefront when deciding how to proceed in offering a service for sale. The template provided includes the following sections to fill:

A) The priced services – selected as priorities	**B) Added value needed – service development or improvements required before selling in the market (if any)**		**C) NFS / SFD capacity building needed – to better provide or facilitate service (if any)**		**D) Target market outreach – education & awareness activities to generate client interest**	
		due date		**due date**		**due date**

It is one thing to offer a service for sale at a specific price level to MSMEs, it is quite another to actually sell it. If any of the following activities are required: upgrading the service, building internal NFS capacity or educating MSMEs why they should pay for a service, then certain steps need to be undertaken before launching the priced service.

- Added value – this should be reviewed at least annually for every service that is for sale; customer feedback from advisory or training services (collected on participant satisfaction forms) will identify areas in need of improvement;
- NFS capacity building – will be increasingly important as the drive to improve the image of SFD as a demand driven facilitator of services grows;
- Target market outreach – needs to be given strong consideration because if the service concept does not reach MSMEs or is not persuasive then the service is useless; most of this type of outreach should focus on educating the potential client about expected impact from using the service.

7) Organize meetings with the main existing BDS providers for each selected service

Brainstorm ways to offer more cost effective service delivery, possible service upgrades which could be done quickly, adapting technical materials to recently expressed client needs and any means to make the newly priced services more attractive. Also, agree on the new pricing levels and how the fees will be collected. Make it clear that BDS providers used by SFD will now be expected to share in the promotion responsibilities and in finding paying clients. Those who are unable to do this should be dropped.

8) Conduct a search for and organize meetings with potential new BDS providers for each selected service

This is an important step because it may uncover new service providers able to offer an upgraded service, simply based on their skill level. This, of course, may make it easier to justify fees to clients who have not paid in the past. Ask for references, determine skill levels, brainstorm possible service upgrades and client needs, sign MOUs for a trial basis and explain the intended fee collection system (see section 1 for details). As with the existing BDS providers, make sure the potential new providers understand that anyone contracted by SFD will be expected to share in the promotion responsibilities and in finding paying clients.

9) Undertake the activities identified as necessary in C-1 (step 6 above) as necessary

Added value

If the service is already being performed, and it is well accepted by the clients using it, there may be no immediate need for added value / upgrading the service. In fact, it may be better to go ahead and offer the service for a low price and wait until systematic client feedback is available, then consider upgrading it. However, if the outsourced BDS provider meetings yield interesting and low cost ways to upgrade the service these should be seized upon.

Capacity building

Even if staff capacity building is desirable before offering a certain newly priced service, it may not always be possible to immediately undertake the necessary training. A service may likely still be priced and sold if at least some staff competence exists in the subject matter and competent outsourced BDS providers are available to offer the service.

Service outreach

Outreach activities should be undertaken for every service that will have a newly assigned price. Clients who have been receiving a service at no charge will certainly need to know why they are suddenly required to pay for it. The types of outreach activities which can be done quickly and at relatively low cost:

1. Agree (NFSCS department) on the most critical selling points of the newly priced service, those which are likely to be of greatest importance to the end users;
2. Post the service and agreed selling points on the SFD website;
3. Add any new benefit to the service which arose out of discussions with the outsourced BDS providers. Or, offer something such as *one no-cost follow-up visit* (after paying for the service) by an NFSCS department member to offer coaching or suggest additional services that may assist them;
4. NFSCS department might email past users of the service to explain any new benefits and the fact SFD has a new mandate to offer higher quality, low-priced services and more carefully screened outsourced BDS providers; these will help to justify the new fees at subsidized rates;
5. A similar email as above could also be sent as a promotional tool to past NFSCS clients, but those who have not used the particular service in question.

10) Launch the first, priced services in each NFSCS department

Once the BDS provider meetings have been held and initial outreach started – to inform and generate interest in the first services offered for sale in each department – begin to make the client and provider contacts necessary to organize delivery of the fee-based services. Again, any BDS provider to have a long-term tenure with SFD will be expected to share in service/event promotion responsibilities. Attached to this report is a listing of newly priced services for 11 SFD / NFSCS departments. However, it not advisable to offer all of these at once. Each NFS department should first concentrate on selling the one or two services with the highest ratings for client demand and client willingness to pay. Trying to launch too many priced services at one time will likely result in strong client objections and difficulties in getting services delivered.

Once more, it is strongly recommended to revisit offering client fees for services embedded in loan repayments – if the client is a customer of both Lending and NFS – once these two departments can be effectively coordinated.

Variable pricing

The use of variable pricing (price lower or higher according to a client's ability to pay) is strongly recommended and the proposed pricing

methodology will aid TG members in doing this (see costing and pricing template and worksheet provided separately). In other words, NFS fees should be assigned according to different price levels obtainable by different client profiles (micro, small, medium and rural or urban). Gradual price increases should be applied annually or bi-annually as feasible.

Pricing objectives

Pricing objectives indicate how to view the pricing levels in terms of how much cost they will cover – even though pricing according to what clients will pay is the most important factor for NFSCS at this stage.

BDS organizations typically consider seven different pricing objectives beginning with zero price, in cases where doing social good is the only realistic objective, all the way to image based pricing for premium products being sold to non-price sensitive customers. As discussed previously, most NFSCS pricing will be in the subsidized price category, because for the first few years it is most realistic to seek low introductory prices. The costing and pricing templates address levels 2, 3 and 4 below.

1. zero price [social good]
2. price below direct costs [social or subsidized price]
3. close or equal to direct costs [cost coverage price]
4. fixed % above direct costs [cost contribution price]
5. fixed % above direct and variable costs [profit price]
6. according to pricing of BDS competitors [competition price]
7. above other local BDS competitors [quality image price]

11) Launch additional priced services, those for which more research was required

Repeat step 10 above for the next services in each department to be sold – those for which additional research may have been required. It is sensible to release services with fees gradually to prevent a situation in which market resistance affects the entire NFSCS portfolio of services. A total of approximately three to five priced services is probably realistic for each department, though flexibility will be needed.

12) Monitor and assess the adoption of newly priced services with clients

NFS and indeed SFD as a whole are not yet effectively monitoring outputs and outcomes at the client level. The monitoring and evaluation system developed by consultant in 2014 is still not in place, and therefore, only limited data about client feedback are available. A new program with Microsoft programming support is now in the final stages of development. This new system has potential to greatly enhance access to data by NFSCS staff. The task group should quickly *adopt* the database for use

with the pricing system. Each service provided and its price should be tracked:

- Service name
- Outsourced BDS provider offering it
- Date(s)
- Duration (number of days)
- Feedback from NFS staff about the experience working with BDS provider
- Feedback from beneficiaries about service and BDS provider – this and the previous point will be used to rate outsourced BDS providers, the services themselves and some (providers and services) may be expanded or dropped as a result
- Information from the beneficiary clients should at a minimum include (see client feedback questionnaire provided separately):
    - Industry
    - Number of employees
    - Company location
    - Rating of the BDS provider about technical competence, training/consulting competence, people skills
    - Rating of the service about: relevance to their needs, expected impact to their business, would they recommend to others
    - Other types of services they need
    - How they normally find out about BDS services

Part 3 – Long Term Pricing System Implementation and Strengthening (January 2017 onward)

In order to continue on a track of increased fee generation and improved sustainability, SFD and NFSCS must adopt a more strategic vision for the sale of non-financial services. It will become increasingly important to differentiate SFD/NFSCS from other service providers, especially as the banks move ever closer to SFD's areas of operation.

The following outline offers ongoing suggestions and recommendations for SFD / NFSCS during the longer range implementation of priced services.

Ongoing strategies after the first year of pricing system implementation

a) **Monitor SFD's market position** versus banks, the IMC, government sponsored MSME training programs and understand the market position of each of them compared to SFD's:
   - Conduct simple, rapid client research at least annually to:
     - understand in greater depth what services target clients need;
     - discuss new service ideas with them;
     - understand what other BDS they rely on and why;
     - but also use the interaction to educate them about the need for fee based services to continue serving them;
   - Use the research to adjust target clients (perhaps further move away from medium sized);
   - Also adjust the types of services offered versus those of other competing BDS (if the market is saturated with a particular service).

b) **Revise tactical marketing activities** based on an understanding of the market position then:
   - Adjust ongoing services pricing to MSMEs (low to moderately priced, depending on quality of service);
   - Make promotion adjustments to cost effectively reach and educate – perhaps different target MSMEs;
   - Use promotion and publicity to project a higher image in the market;
   - Gradually increase pricing as MSMEs begin to accept fees and as image increases.

c) **<u>Refocus the services mix in two-year time frames</u>** (based on an ongoing clearer understanding of the target market) – which services will be offered:
   - Narrow the focus and specialization where possible;
   - Always seek to eliminate services clearly not in demand and/or without strong socially oriented reasons for continuation;
   - Identify new, in-demand services (from client research step above);
   - Continue to use market-based pricing according to target MSMEs' ability to pay and rely on variable pricing so smaller companies pay less than larger ones.

d) **Add more value by seeking new ways to bundle and package services** as one basis to expand fees:
   - Example – bundle Marketing, Entrepreneurship and Industrial services together for a furniture client to:
     - Do a diagnostic analysis of a client (Industrial Dep't);
     - Train them in operations and marketing for entrepreneurs (Entrepreneurship Dep't);
     - Link them with a public retail chain (Marketing Dep't);
   - This helps differentiate SFD from other BDS and creates value (and expanded fee opportunities).

e) **Build NFS capacity (at least one training annually for every technical staff person)** in the bundled services (noted in c & d above) to more effectively facilitate and in some cases deliver services:
   - Do staff capacity building in selected, more specialized service areas;
   - Do staff capacity building to better understand market positioning and service differentiation – to improve decisions about offering new services;
   - Do staff capacity building to create a stronger customer service culture both internally (SFD with each other) and externally (SFD staff with clients).

Cost recovery plans

Task team members should continue to use the cost recovery plan template provided to create a basic cost recovery plan for each department. This can be done annually but will likely need to be a living document that is updated regularly. It includes many of the components addressed above.

Implementation risks

The actions described in this report and plan are not difficult but they do require a task team to make them happen; the task team needs:

- To be sustained;
- Have a leader assigned to drive the process forward;
- Actually meet regularly until a pricing system is adopted;
- Given priority status by every NFS Director as well as those managing Agriculture, Franchising, Exhibitions and E-Commerce.

SFD tends to have difficulty implementing new ideas that require cooperation between multiple departments.

- This task team needs top level support – from the Managing Director;
- Propose the MD establishes a monthly meeting, until the pricing system implementation is firmly underway, with: the NFSCS Director, the NFSCS Deputy Director, a manager from the Finance Dep't, and the Task Team including representative from Agribusiness, Franchising, Exhibitions and E-Commerce;
- The TG needs to be empowered to make pricing decisions and have them rapidly reviewed for approval or disapproval by their department managers.
- With embedded pricing (in loan repayments) being one of the most powerful tools of BDS lending and nonfinancial services institutions worldwide, it will be extremely useful to bring SFD Lending and NFSCS sectors together to offer this payment mechanism.

Finally, sustainability objectives must be realistic:

- Few if any BDS organizations such as SFD (government mandated with minimal government support) are fully sustainable without outside assistance;
- In fact, very few NGOs, even in developed economies, sustain themselves on fees for services alone;
- Donors and corporate sponsors will continue to be critical to SFD's survival, making a professional fundraising effort as important as ever.

Part 4 – NFSCS cost and pricing implementation work plan for year 1

	ACTIVITY	WHO	CONSIDERATIONS	FB	MR	AP	MY	JN	JL	AG	SP	OC	NV	DC
1	Form the task group (TG) & a task group leader	NFS Director	All NFS departments plus Agribusiness, Franchising, Exhibitions & E-Commerce	X										
2	Organize TG meetings	Task Group Leader	Twice monthly for first 3 months then once monthly for first year	XX	XX	X	X	X	X	X	X	X	X	X
3	Form task group management oversight group (MOG)	Managing Director	Propose MD include at least the NFS Director and a manager from Finance	X										
4	Organize task group oversight management meetings	Managing Director	Propose once monthly for first year with the TG	X	X	X	X	X	X	X	X	X	X	X
5	TG members complete cost recovery plan part A-1	Each TG member	Continue and validate consultant's efforts to rank each existing service and select those most viable for pricing	X										
6	TG members complete cost recovery plan part A-2	Each TG member	Rank each potential new service (if one is being discussed or thought to be urgently needed) for development and pricing	X										
7	TG members complete cost recovery plan part B-1	Each TG member	Each service selected in parts A-1 & A-2 will now have costing and pricing done	X	X									
8	TG members complete the action plan for pricing and selling selected services, part C-1	Each TG member	The plans require consideration of needed NFS capacity building, upgrading of services and service outreach	X	X									
9	Organize meetings with the main existing outsourced BDS offering each of the services selected for pricing.	Individual NFSCS dept's	Brainstorm more cost effective delivery, possible service upgrades, client needs, ways to make the priced services more attractive, inform about the new pricing and fee collection		X	X								
1	Do a search for and organize	Individual	Ask for references, determine		X	X								

	ACTIVITY	WHO	CONSIDERATIONS	FB	MR	AP	MY	JN	JL	AG	SP	OC	NV	DC
0	meetings with potential new outsourced BDS offering the services selected for pricing.	NFSCS dept's	skill levels, brainstorm possible service upgrades and client needs, sign MOUs for trial basis											
11	Undertake the activities identified in step 8 (part C-1) with the understanding that capacity building and upgrades to services may be postponed but outreach must be done	Individual NFSCS dept's	To get things started – services priced and offered for sale – suggest postponing capacity building and major service upgrades but proceeding with outreach (see recommendations section)		X	X	X	X	X					
12	Launch the first, easily priced services for each NFSCS department; consultant has done this initially but recommended priced must be vetted by TG members	Individual NFSCS dept's	Outsourced BDS provider will be required to assist in promotion and finding paying clients; those who are unsuccessful may be dropped			X	X							
13	Launch additional priced services for each NFSCS department for a target of approximately four per department	Individual NFSCS dept's	Outsourced BDS provider will be required to assist in promotion and finding paying clients; those who are unsuccessful may be dropped					X	X					
14	Monitor and assess the adoption of newly priced services with clients	TG members in each dep't	Use the new Microsoft / IT Dep't database to track use of priced services, MSME client ratings of services & MSME client ratings of outsourced BDS providers			X	X	X	X	X	X	X	X	X

APPENDICES

D-1 Inception report

D-2 Selected BDS guidelines reports (multiple reports)

D-2 BDS guidelines pricing and cost recovery strategies

D-3 BDS guidelines workshop (PowerPoint slides)

D-4 Customized client feedback tools (multiple Word and Excel files)

D-4 Customized cost and pricing tools (multiple Word and Excel files)

D-5 List of priced services – all departments

D-5 Cost and pricing system implementation (this report – not an attachment)

D-Annex of interviews and meetings (multiple files)

D-6 The entire package of reports and attachments listed above